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Greenfield Environmental Trust Group, Inc.

Greenfield Environmental Multistate Trust LLC
Trustee of the Multistate Environmental Response Trust
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By Electronic Mail

June 13, 2013

Kevin Beswick
US EPA Region 4
Office of Environmental Accountability
Atlanta Federal Center
61 Forsyth Street, SW
Atlanta, GA 30303-8960

Dear Kevin:

I am writing on behalf of the Greenfield Environmental Trust Group LLC, Trustee of the Multistate Environmental Response Trust (the Multistate Trust), in response to the attached May 30, 2013 letter from US Congressman Bonner (1st District of Alabama) to the US Environmental Protection Agency (EPA) regarding the former Kerr-McGee facility in Theodore, AL (the Site). Specifically, the Multistate Trust is writing to clarify and correct the information provided to the Congressman by Metawise Group LLC in the attached May 20, 2013 email as it relates to the company's activities at the Site.

In 2011, EPA and twenty-five States created the Multistate Trust as part of the Tronox (successor to Kerr-McGee) global bankruptcy settlement. The Multistate Trust was established to own, manage, remediate and ultimately dispose of numerous contaminated sites once owned by Tronox, including the Site, for the benefit of its beneficiaries—EPA and the settling States. The Multistate Trust performs environmental actions with the limited funds specifically earmarked for each Tronox site with the prior approval of the designated Lead Agency for each site. The State of Alabama, through the Alabama Department of Environmental Management (ADEM), is the designated Lead Agency for the Site in Theodore. EPA and ADEM are the beneficiaries of the Site (the Beneficiaries) to whom the Multistate Trust has direct fiduciary obligations.



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In June of 2011, the Multistate Trust entered into a Beneficiary-approved Purchase & Sale Agreement (the P&S) with Metawise, a California-based metals trader. Under the P&S, Metawise is allowed to purchase iron oxide fines (IOX) from the Multistate Trust, which Metawise plans to ship by bulk cargo vessel to steel companies in China. Proceeds from the sale paid to the Multistate Trust help fund cleanup of the Site. The IOX, a by-product of the synthetic rutile beneficiation process previously used at the facility, was placed in three impoundments on Site by Kerr-McGee. The bases of the impoundments and therefore the consolidated IOX material are located at or below the shallow aquifer at the Site. As a result, the IOX is a continuing source of contaminant loading to groundwater. Removal of the IOX source material is a priority for ADEM and the Multistate Trust, especially since the Multistate Trust is required to operate and maintain the wastewater treatment facility to prevent plumes of contaminants in groundwater from further migration.

Compliance with a number of regulations and laws is critically important to the success of any organization or entity involved in the management and sale of IOX at the Site, including Metawise. First, because the IOX has naturally occurring radioactivity, management of the material is regulated under a license for Naturally-Occurring and Accelerator-Produced Radioactive Material (NARM) issued by the Alabama Department of Public Health (ADPH). Metawise is currently operating under the Multistate Trust's NARM license, which requires compliance with ADPH health, safety, sampling and screening requirements to ensure that the IOX is handled and shipped in a manner protective of human health. In addition to compliance with the NARM license, Metawise also has to perform the work consistent with a host of environmental and health & safety regulations such as the clean water act, solid waste disposal regulations and OSHA requirements. Metawise must also comply with the International Maritime code for Transportable Moisture Limit (TML). In order to ensure that Metawise fully understands the scope of the technical, logistical and regulatory issues, the P&S requires that Metawise prepare and adhere to an ADEM-approved Material Management & Shipping Plan (MMSP).

By way of background, since Metawise began its operations in June of 2011, there have been numerous instances of non-compliance by Metawise personnel, consultants and contractors, including: failure to follow protocols for operating in NARM license areas; lack of compliance with OSHA health and safety regulations; failure to meet International Maritime codes for TML; and a number

of deviations from the approved MMSP. These issues have delayed Metawise's progress and increased its project costs.

The complaint from Mr. Dale Crews (contract site manager for Metawise) that Metawise has been subjected to "over regulation by numerous government agencies (state & federal)" is untrue and inaccurate. Metawise is operating on a closed, contaminated site and its compliance with environmental laws and regulations is critical to protecting its workers, public health and the environment. While Metawise may believe that it should be relieved of some of these compliance obligations to expedite its project goals, neither the Multistate Trust nor ADEM could endorse such a circumvention of the rules. Furthermore, the laws and regulations have been and continue to be applied fairly and impartially to the Metawise project. Unlike most for-profit private sector businesses, Metawise has received extensive technical assistance and cooperation from the Multistate Trust and ADEM, including expedited issuance of permits and approvals as well as support with resolving technical and logistical issues that have plagued the Metawise project. From the perspective of the Multistate Trust, ADEM, as Lead Agency, has provided Metawise with high level of support and technical guidance on the project. Mr. Crews' assertion that Metawise has been "over regulated" by ADEM and the EPA is unfounded.

The reality is that for more than two years, Metawise has expended millions of dollars on the IOX project and to date has not generated any revenue from the sale of IOX. There are a multitude of reasons for the company's current predicament, but federal and state overregulation is not among them. Rather, from the perspective of the Multistate Trust, Metawise's challenges are attributable to inadequate project planning, poor financial management and controls and a lack of familiarity with operating conditions at the Site. For example, Metawise has: prematurely scheduled and paid standby and demurrage costs for barges to transport material to China before they had IOX ready for shipment; been unable to achieve industry-dictated standards for moisture content for safe shipment overseas per the Metawise-developed approach to IOX handling and management; faced increased costs associated with work stoppages due to non-compliance with known and defined regulations and laws; lost a number of key personnel and failed to pay the bills of numerous consultants and contractors ostensibly because of internal cash flow problems; and been delayed by unexpected quality of the material and conditions in the impoundments where the IOX was placed by Kerr-McGee.

By reaching out to Congressman Bonner, Mr. Crews appears to be seeking to advance the commercial interests of his client. The Multistate Trust, ADEM and EPA have been doing so as well, including by recently releasing One Million Dollars of escrow funds back to Metawise so that Metawise could continue to fund its operations. The difference is that the Multistate Trust, ADEM and EPA perceive the regulatory framework as a protective safeguard and not an impediment to Metawise attaining its financial goals. Notwithstanding his position as Operations Manager for the IOX project, Mr. Crews' seems to lack an understanding about the regulations that govern the project—exemplified by his assertion that ADPH and ADEM are subject to oversight by EPA.

The Multistate Trust and ADEM have taken and continue to take extraordinary steps to cooperate with and assist Metawise. If successful, the IOX project could result in significant benefits to all involved parties: Metawise could realize revenues from the sale of the IOX; the Multistate Trust's and ADEM's goal of removing the source material from the impoundments could be accomplished; and the Multistate Trust could perform additional environmental actions at the Site using the sale proceeds from Metawise. Such success hinges on Metawise's commitment to full compliance with all legal and regulatory requirements.

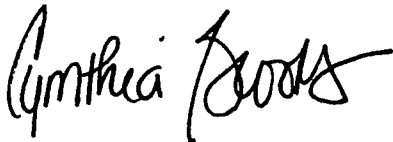
Thank you in advance for taking the time to consider the Multistate Trust's perspective and concerns about the Metawise project in Alabama. Please do not hesitate to contact me if you have any questions about any aspect of the Multistate Trust's work at the former Kerr-McGee Site in Theodore.

Sincerely,

Greenfield Multistate Environmental Trust LLC

Trustee of the Multistate Environmental Response Trust

By: Greenfield Environmental Trust Group, Inc., Member

A handwritten signature in black ink, appearing to read "Cynthia Brooks". The signature is fluid and cursive, with a horizontal line drawn underneath it.

By: Cynthia Brooks, President

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cc: Phil Davis—ADEM
Ty Griffith—Multistate Trust
Tom Johnston—ADEM
Eric Sanderson—ADEM
Scott Story—ADEM
Whit Slagel—ADEM
Marc Weinreich—Multistate Trust